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## BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE  
APPLICATION OF H2O, INC., FOR AN  
EXTENSION OF ITS EXISTING  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY.

DOCKET NO. W-02234A-00-0371

IN THE MATTER OF THE  
APPLICATION OF JOHNSON  
UTILITIES, L.L.C., DBA JOHNSON  
UTILITIES COMPANY FOR AN  
EXTENSION FOR ITS CERTIFICATE  
OF CONVENIENCE AND NECESSITY  
TO PROVIDE WATER AND  
WASTEWATER SERVICE TO THE  
PUBLIC IN THE DESCRIBED AREA IN  
PINAL COUNTY, ARIZONA

DOCKET NO. WS-02987A-99-0583  
DOCKET NO. WS-02987A-00-0618  
Arizona Corporation Commission**DOCKETED**

FEB 0 8 2001

DOCKETED BY

IN THE MATTER OF THE  
APPLICATION OF DIVERSIFIED  
WATER UTILITIES, INC. TO EXTEND  
ITS CERTIFICATE OF CONVENIENCE  
AND NECESSITY.

DOCKET NO. W-02859A-00-0774

IN THE MATTER OF THE  
APPLICATION OF QUEEN CREEK  
WATER COMPANY TO EXTEND ITS  
CERTIFICATE OF CONVENIENCE  
AND NECESSITY

DOCKET NO. W-01395A-00-0784

**INTERVENORS' RESPONSE TO  
SETTLEMENT AGREEMENT**

The owners of Skyline Ranch, as Intervenors, object to the approval of the settlement agreement among Johnson Utilities Co., H2O, Inc., and Queen Creek Water Company on the grounds that implementation of the agreement would place Intervenors and their property in an expanded service area for Johnson Utilities Co. without the Intervenors' consent. Intervenors have, during the

1 last twelve months, been unable to reach agreement with Johnson Utilities Co. concerning the terms  
2 and conditions of the main-line extension agreements required for water and sewer service to their  
3 project. Any main-line extension agreement that fails to include at a minimum a calendar of  
4 completion dates, performance assurances, adequate specifications for urban systems, and remedies  
5 for breach of the agreement is not in the best interest of either the landowners, future home owners, or  
6 the governmental agencies that have oversight responsibilities. Consequently, Intervenor have  
7 revoked their prior request for service from Johnson Utilities Co., and now object to any settlement  
8 proposal that would include Skyline Ranch within the expanded service area for Johnson Utilities  
9 Co.

10 If, contrary to Intervenor's request, Johnson Utilities Co. is given the franchise to serve  
11 Skyline Ranch, then we request that a conditional or provisional order be entered by the Commission  
12 that provides appropriate performance benchmarks to be met by Johnson Utilities Co. We suggest  
13 that the expansion approval orders for both water and sewer service be conditioned upon property  
14 owners within the proposed expansion area and Johnson Utilities reaching main-line extension  
15 agreements within a specified period of time following the orders (unless the parties mutually agreed  
16 to extend that date). The main-line extension agreements for water and sewer should address  
17 completion dates, performance assurances, urban specifications for capacity and fire-flow, and  
18 remedies for breach of the order (either at law, by the right to summarily withdraw from the utility  
19 district, or both). If the parties are unable to reach agreements, then the property owner would be  
20 excluded from the utilities' certificated area by authority of the conditional order. This type of  
21 conditional order would help protect all landowners and homeowners who may be placed in the  
22 expanded service area.

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25  
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27 ///

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1 DATED this 8th day of February, 2001.

3 Salmon, Lewis & Weldon, P.L.C.

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10 An ORIGINAL and ten copies  
11 of the foregoing delivered this  
8th day of February, 2001, to:

12 Docketing Supervisor

Docket Control

13 Arizona Corporation Commission

1200 West Washington Street

14 Phoenix, Arizona 85007 —

15 A COPY of the foregoing  
16 was delivered this 8th day  
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